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Expert Group Meeting on measures to stimulate co-operation between the co-operatives of developed and the more industrialized developing countries and the food-processing industry in developing countries

Vienna, Austria, 26-28 May 1986

REPORT *

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PREFACE

The Expert Group Meeting on "Measures to stimulate co-operation between the co-operatives of developed and the more industrialized developing countries and the food-processing industry in developing countries" was held at Vienna from 26 to 28 May 1986. The list of participants are attached as Annex 1 and the agenda of the meeting as Annex 2 respectively.

The meeting was convened as a follow-up to the recommendation adopted by the Second Consultation on the Food-Processing Industry with Special Emphasis on Vegetable Oils and Fats, held at Copenhagen in 1984, which recommended among others, that UNIDO "prepare, based on experience, suggestions for measures, including those for trade promotion, to stimulate co-operation between the co-operatives of developed and the more industrialized countries and the food-processing industry in developing countries." This recommendation reflected the general conclusion of the First and Second Consultations on this sector, that the range of partners from developed and the more industrialized developing countries, which could co-operate in the agro-industry development of developing countries, should be extended.

The food-processing co-operatives were generally recognized as those new partners for international collaboration with wide experience and an important role to play in the national development of their agro-industries. Their activities in the processing of agricultural products contributed to the extended national manufacturing value added and also safeguarded better prices for the agricultural products and processed foodstuffs.

As supportive material, a background paper was submitted prepared by a UNIDO consultant and entitled "Suggestions for measures to stimulate co-operation between the co-operatives of developed and the more industrialized developing countries and the food-processing industry in developing countries". The paper, which concentrated on major issues, was regarded by the meeting as a good basis for discussions.

CONCLUSIONS AND RECOMMENDATIONS

The meeting arrived at the following conclusions and recommendations:

1. For the purpose of adequate identification of the co-operative partners in the developed countries and the more industrialized of the developing countries, the meeting was of the opinion that food-processing co-operatives should be listed as those specializing in different industries of the food-processing sector as well in the activities of agricultural, consumer fishery or multi-purpose co-operatives. All such co-operative enterprises both in market economy and centrally-planned economy countries, as well as the more industrialized developing countries, could be regarded as potential partners for collaboration with developing countries' agro-industries.

2. While it was generally recognized that, due to sufficient capacity, experience, human and financial resources which were available from other sources, the co-operatives in developed and the more industrialized developing countries were able to increase their involvement in collaboration with developing countries, it was felt that the main counterparts in developing countries should be co-operative enterprises, as they were guided by the same co-operative ideas. The range of potential counterparts in developing countries could however be extended to other partners, particularly small- and medium-scale enterprises, regardless of their ownership origin, be it state, public or private. The problem of enterprise-to-enterprise co-operation deserved increasing support, with UNIDO playing a catalystic role.

3. The present scale of collaboration was influenced by many constraints both in developed as well as in developing countries such as: internal orientation of a majority of co-operatives whose prior responsibility lay in satisfying the needs of their members; misunderstanding of international co-operation which, as such, was often regarded as a pure

donating activity; mutually beneficial collaboration; insufficient information; high financial risks of co-operating with some of the developing countries mostly associated with political and economic instability; financial problems of developing countries; low level of education as well as insufficient infrastructure facilities. The problem of full autonomy and independence for co-operatives and their relationship with governments was also indicated as one of the existing barriers.

4. The measures aimed at strengthening co-operation in food-processing development should be addressed to different bodies in both developed and developing countries, and particularly the co-operatives themselves, governments and financial institutions and international organizations. The background paper prepared for the meeting identified and highlighted them carefully and adequately.

5. The role of governments in promoting extended collaboration of co-operatives was of particular importance. However its present scope differed from country-to-country, from preferential treatment to underestimation of such collaboration. The government should play a positive role by introducing favourable legislation for co-operative activities; removing existing legal barriers in those developing countries where the co-operation with co-operatives of developed countries was confronted with such obstacles; channelling more financial resources for development projects being implemented by the co-operative enterprises in developed countries; introducing tax exemptions for co-operatives entering into international collaboration; collecting information on suitable projects, conditions of their implementation, etc. Government assistance should be designed to encourage co-operatives to become autonomous organizations. Assistance that made co-operatives dependent upon government or other external sources should be avoided or minimized.

6. Lack of information and internal and international co-operative statistics was highlighted as another important prerequisite for extended collaboration with food-processing co-operatives. The present flow of

information on the real needs of the developing countries and the potential collaboration of the developed countries and the more industrialized developing countries was insufficient. The establishment of a system of data-collecting and distribution should be seen as an investment which should be created in a systematic way.

7. The situation with respect to the real needs of the developing countries in their food-processing development called for techno-economic surveys in the agro-industries sector in selected developing countries. Such surveys could assist many co-operative enterprises in identifying their potential role in assisting developing countries in promoting their agro-food industries.

8. There was a growing awareness of the potential profits which could be obtained through the growth of food production in general, and the mechanism of manufacturing value added associated with the processing in particular. Very often countries entering into processing were hampered by the huge investments needed for the creation of adequate production capacities and lack of financial support. Co-operative assistance could be helpful in identifying possibilities of entering into processing and marketing and setting up the necessary organizational and technical facilities. The co-operation in developing the institutional building was also strongly underlined.

9. Assistance in training, including co-operative management and general education, was indicated as an area requiring constant attention and where the involvement of co-operatives could be especially substantial. Training should be regarded as a built-in element of a technical co-operation project and take up a substantial portion of its cost. Training could be carried out in different forms including in-plant training, vocational training, etc., both in donor as well as in recipient countries. There were however, problems which confronted training activities such as: reluctance to training by participants from developing countries, inadequate motivation, incidental selection of participants, inconsistent follow-up activities, shortcomings in financing, etc. Training should be regarded as a kind of investment, with profits and losses taken into consideration.

10. The experience accumulated by international and non-governmental organizations in promoting training activities in co-operation with co-operatives should be widely used to enable developing countries to work out an appropriate training system. Special importance was attached in that respect to the activities of ILO, including the preparation of training material (manuals). UNIDO's involvement in promoting training activities with co-operative partners was also highly appreciated and further strengthening was expected. The training facilities offered by ILO's International Centre for the Advancement and Vocational Training in Turin (Italy) and the Centre for the Promotion of Training and Research of Industrial Co-operatives in Gdansk (Poland) should be used to the maximum possible extent.

11. Attention should also be given to the promotion of national consultancy capabilities as well as co-operative research activities as a basis for consultancy. In many developed and the more industrialized developing countries such potentials existed. A number of consultancy services were easily available. Their promotion and utilization for food-processing development purposes in developing countries should be taken into account in the co-operation offer.

12. International co-operative trade, including international co-operative fairs, was considered a suitable mechanism for marketing internationally the co-operative food-processing products. Principal organizations involved were COPAC, ICA, IFAP, INTERCOOP. Successful international co-operative trade depended on several preconditions, inter alia, the organization and strengthening of national co-operative structures, an effective system of national and international financing, and innovative arrangements between the food-processing enterprises in developing countries and their counterparts in industrialized countries.

13. The important role of international organizations such as COPAC, FAO, ICA, IFAP, ILO and UNIDO in promoting the co-operation between the co-operatives of developed and the more industrialized developing countries and the food-processing sector in developing countries was strongly underlined. It was felt, however, that better co-ordination of

promotional activities between those Organizations would lead to more effective co-operation with co-operative enterprises. The co-ordinating role of COPAC was particularly highlighted. The preparation of an inventory of consultancy and research institutions in the co-operative sector was mentioned as a possible area of COPAC's activities.

14. Taking into account the role and functions of COPAC in promoting and co-ordinating assistance to co-operatives in developing countries, UNIDO, as a newly-established specialized agency of the United Nations system should join this body. Its previous membership in COPAC was secured by the membership of the United Nations, of which UNIDO was an integral part. COPAC served as a liaison body for action-oriented consultations between the UN agencies and international non-governmental organizations. It was financed by its member organizations. The basic advantage for UNIDO in joining COPAC lay in getting full access to information on programmes and plans for co-operative development, being carried out by other UN agencies and non-governmental organizations.

Annex 1

List of Participants

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Annex 2

Agenda

1. Opening

2. Present stage of food-processing co-operatives' participation in international collaboration with developing countries:

   (a) Basic assets of food-processing co-operatives

   (b) Existing constraints

3. Measures aimed at strengthening such collaboration:

   - Based on the background paper's proposals

   - Based on the experts' individual statements.